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DEMAND and PRICE SITUATION

WASHINGTON, D. C., NOV. 1954



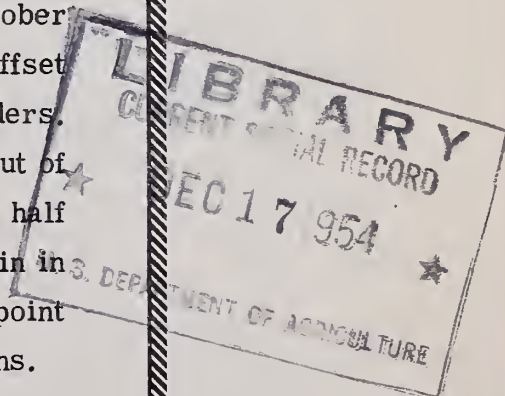
Approved by the Outlook and Situation Board, November 19, 1954

SUMMARY

Consumer income and domestic demand for farm products continue strong and exports are running a little above a year earlier. With carryover stocks large and total farm output almost as large as the record of 1953, grower prices are averaging about 3 percent below a year earlier. This year's crops of wheat, corn and cotton are smaller and prices received by farmers are higher than a year ago. However, increased production of hogs, chickens and eggs have brought substantial reductions in prices of these commodities.

Economic activity firmed up in October and early November with indications that the rise this fall is a little larger than the usual seasonal pickup. Industrial production increased slightly in October as the substantial cut in auto output due to model changes was offset by an abrupt rise in steel mill activity in response to larger orders. Auto assemblies recovered rapidly after mid-October, and output of both the auto and steel industries rose considerably in the first half of November. Increased orders for new automobiles and a gain in manufacturers' orders for both durable and nondurable goods point to some increase in industrial production in the next few months.

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UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL MARKETING SERVICE

ECONOMIC FACTORS AFFECTING AGRICULTURE

Item	Unit or base period	1953		1954			
		Year	Oct.	July	Aug.	Sept.	Oct.
Industrial production <u>1/</u>							
Total.....	1947-49=100	134	132	123	123	124	125
All manufactures.....	do.	136	134	124	125	126	127
Durable goods.....	do.	153	151	134	135	136	138
Nondurable goods.....	do.	118	117	115	114	115	116
Minerals.....	do.	116	114	112	109	108	109
Total outlay for new construc- tion <u>2/</u>	Million dollars	35,256	2,880	3,086	3,114	3,153	3,121
Residential.....	do.	11,930	979	1,145	1,169	1,196	1,196
Total civilian employment <u>3/</u>	Million	61.9	62.6	62.1	62.3	62.1	62.1
Nonagricultural.....	do.	55.4	55.5	54.7	55.3	54.6	54.9
Unemployment.....	do.	1.5	1.3	3.3	3.2	3.1	2.7
Income:							
Nonagricultural payments <u>2/4/</u> #	Bil. dol.	270.0	272.7	270.6	270.2	271.6	
Production-worker payrolls <u>5/</u>	1947-49=100	151.6	152.6	132.3	135.1	138.4	139.3
Weekly earnings of production- workers in manufacturing <u>5/</u>	Dollars	71.69	72.14	70.92	71.06	71.86	72.22
Durable.....	do.	77.23	77.90	75.83	76.59	76.99	77.97
Nondurable.....	do.	63.60	63.67	64.74	64.45	65.24	65.07
Prices:							
Wholesale prices, all com- modities <u>5/</u>	1947-49=100	110	110	110	110	110	110
Commodities other than farm and food.....	do.	114	115	114	114	114	114
Farm.....	do.	97	95	96	96	94	93
Food, processed.....	do.	105	105	106	106	106	104
Prices received by farmers <u>6/</u>	1910-14=100	258	249	247	251	246	242
Crops.....	do.	242	229	248	250	247	243
Livestock and products.....	do.	273	266	247	251	245	242
Prices paid, interest, taxes and wage rates <u>6/</u>	1910-14=100	279	276	280	282	280	279
Items used in living.....	do.	270	270	277	277	273	273
Items used in production....	do.	253	245	247	250	251	250
Parity ratio.....		92	90	88	89	88	87
Consumer price index <u>5/</u>	1947-49=100	114	115	115	115	115	
Food.....	do.	113	114	115	114	112	
Government purchases of goods and services <u>2/ 7/</u> ...	Billion dollars	85.2				75.6	
Federal (Less Government sales)	do.	60.1				47.9	
State and local.....	do.	25.1				27.7	

Annual data for the years 1929, 1932 and 1935-53 appear on page 31 of the April 1954 issue of the Demand and Price Situation.

1/ Federal Reserve Board.

2/ U. S. Department of Commerce.

3/ Bureau of the Census.

4/ Monthly totals seasonally adjusted at annual rates.

5/ U. S. Department of Labor, Bureau of Labor Statistics.

6/ U. S. Department of Agriculture, Agricultural Marketing Service.

7/ Quarterly totals seasonally adjusted at annual rates.

Revised series.

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Residential and related types of building continue to hold construction activity at record levels. And recent large increases in contract awards and new housing starts indicate that construction activity will continue at high rates.

Employment in nonagricultural establishments picked up more than usual in October. Most of the rise was in durable manufacturing industries but there was some gain in nonmanufacturing employment. The number of persons in the labor force also declined a little more than usual and unemployment dropped about 360,000 which is more than the usual decline between September and October.

With total consumer income and spending holding at record levels, the combined final product demand of consumers, businessmen and the Government apparently continues in excess of industrial output and is resulting in some further inventory liquidation. Business inventories declined at an annual rate of 5 billion dollars in the third quarter, exceeding the rate of liquidation in the first half of this year.

Commodity Highlights

Cattle prices in the next few months may hold at least as high as a year earlier. Supplies of top grades may be slightly smaller until spring and marketings of grass cattle, though seasonally large this fall and winter, probably will total less than last winter. Hog prices for at least the next 6 months or so will continue below unusually high levels a year earlier. As marketings pass their peak in early winter a modest upturn in prices is in prospect. After a small rise in late September and in October, wholesale prices of dairy products in general were back to equivalent support levels in early November. Milk output in October was at a record for the month, slightly above 1953. About 9 percent more turkeys were raised in 1954, making the crop a record, and prices received by growers in mid-October averaged nearly a fifth below a year earlier. Egg production is increasing seasonally. Because of large production, egg prices did not make the usual seasonal rise this fall. Broiler placements in late October were 17 percent lower

than in August pointing to some reduction in broiler slaughter early next year. Production of food fats in the current marketing year is likely to exceed estimated commercial use and export; prices probably will continue lower. Increased competition among crushers for the reduced cottonseed output has resulted in higher prices. The larger soybean crop is moving slowly. There is a good demand for soybean products and strong export market prospects. Flaxseed production is large relative to requirements and prices are around supports. Cash wheat prices in mid-November were at about the high level for the season to date. Relatively small "free" supplies especially of better quality wheat, largely account for the strength in wheat prices. The estimated supply of feed concentrates is 4 percent above 1953-54 but about the same relative to livestock to be fed. In mid-October grower prices of feed grains averaged 6 percent above a year earlier and high protein feeds were a tenth higher. Corn prices are expected to advance later in the season. Terminal auction prices of Florida oranges and of grapefruit declined sharply with mounting shipments from the larger new crop. Supplies of citrus will be seasonally heavy in December. Supplies of fresh vegetables are smaller this fall than last. Prices are averaging nearly as high. Supplies of commercially processed vegetables for the current marketing year are a little smaller than a year earlier. Fewer potatoes will be available for sale this fall and winter than last and prices are expected to continue above last year. The 1954 sweetpotato crop is smaller and grower prices are likely to average above those received for the 1953 crop. The cotton crop is now estimated at 13.1 million running bales and the total supply at 22.9 million. Disappearance estimated at 13.7 million bales in 1954-55 would result in a reduction of about $\frac{1}{2}$ million in the carryover of cotton next August. Domestic mill use of both apparel and carpet wool each month from January through September was below a year earlier. Grower prices in mid-October averaged below a year earlier and were the lowest so far this season. Cigarette output in 1953-54 declined some from a year earlier but it is expected to continue at a relatively high level in 1954-55. Auction prices for the 1954 flue-cured crop, about 85 percent of which was marketed by mid-November, are averaging about 5 percent below a year earlier.

GENERAL BUSINESS ACTIVITY

Economic activity picked up in October and early November. Steel mill activity increased from a low of 63 percent of capacity in early September to 79 percent in mid-November in response to larger orders by automotive industries and producers of military hard goods. This rise was more than the normal seasonal pick up. Assemblies of passenger cars rose rapidly ~~after~~ mid-October and are scheduled in November at more than double the 233,000 units assembled in October. Manufacturers' new orders for durable goods increased substantially in September reflecting to a considerable extent larger orders for military hard goods. Construction activity in October, down slightly more than usual from September, was a record high for the month and about 8 percent above a year earlier. Non-agricultural employment picked up in October and there was a further decline in unemployment. Wholesale prices on the average were unchanged in October and early November and at the same level as a year earlier.

Consumer Income and
Spending Maintained

Total income payments rose by about 2 billion dollars from August to September, the latest month reported, to an annual rate of 287.4 billion dollars. This rise reflected primarily a gain in proprietors' and rental income and a small increase in payments for social insurance. With the gain from August, income payments in September totaled about the same as a year earlier and only slightly below the peak of 288.2 billion in July 1953. Wages and salaries in commodity-producing industries were down 5 billion dollars from September 1953, but they totaled slightly larger in the distributive industries and in the Government sector which includes Federal, State and local employees. Proprietors' and rental incomes were up about 0.4 billion dollars and transfer payments about 2.2 billion from September 1953. Total income payments have been generally stable so far this year slightly below peak levels of 1953. With tax rates reduced, consumer income available for spending continues a little above the record rates in 1953.

Reflecting primarily the stability in income, sales by retail stores also have held very steady so far this year at about the same level as in 1953. The seasonal advance in retail sales from September to October was slightly less than usual due largely to lowered sales by motor-vehicle dealers. Preliminary information for October indicates that both food and apparel sales rose somewhat less than usual from September to October.

In the August-October period of this year retail sales averaged about the same as the average for the year to date but they were slightly above reduced levels a year earlier. Increased sales of nondurable goods in the August-October period were partly offset by reduced sales of durable goods. Food sales this year continue a little above 1953 with sales in the August-October period apparently some 3 percent higher after seasonal adjustment. Retail sales of apparel in the same period were down somewhat from earlier months of 1954, after seasonal adjustment, but apparently averaged 1 to 2 percent above reduced levels in the August-October period of 1953.

Construction Activity
Continues High

Construction activity in October, down a little more than usual from September, was at a record high for the month, some 8 percent above a year earlier. Outlays for new dwelling units in October increased slightly from September and were nearly a fourth above October 1953. The rise in construction activity so far this year suggests that outlays for 1954 may total around 37 billion dollars compared with the previous high of 35 $\frac{1}{4}$ billion in 1953.

Much of the strength in building activity this year is due to the boom in residential housing. New housing starts in September and October were at an annual rate in excess of 1.2 million units and October starts

were record high. Adequate mortgage money and easier financing terms are expected to contribute to a continued high level of residential activity in coming months. Commercial construction, including stores, restaurants, warehouses, office buildings, etc., was a tenth above October 1953 and for 1954 to date was up more than a fourth from the first 10 months of 1953. Building of religious, educational, recreational and other facilities associated with the housing boom continued to rise in October and is running more than a fourth above 1953.

Outlays for industrial building and farm construction in the first 10 months of this year were down around a tenth from a year earlier. Railroad construction was some 15 percent smaller. These declines are due primarily to the cut back in business outlays for new plant and equipment in industries in which substantial expansion in productive capacity has been made over the past few years. Probably lower incomes also have influenced construction programs of railroads, agriculture, and some other industries.

Public construction outlays in October continued around levels of a year earlier. Outlays this year have been substantially larger for highways, schools, sewer and water facilities and other public construction accompanying the expansion in residential building. These gains have been largely offset by considerably smaller outlays for public residential building, military facilities, and public industrial facilities.

Business Investment

Outlays Ease

Business expenditures for new plant and equipment, according to business plans for the last quarter of this year, will be down about 3 percent from the third quarter rate and about 9 percent from the last quarter of 1953. Most of the decline over the year has been in manufacturing industries, particularly the defense-related industries where previous expansion in productive capacity was substantial. Plans of the railroads and public utilities also point to smaller investment outlays than in the fourth quarter of 1953.

A recent survey of business investment plans made by the McGraw-Hill Publishing Company indicates that the decline in outlays for new plant and equipment may level off in 1955 and total for the year about 5 percent below 1954. They also report investment intentions for 1956 at least as high as in 1955. Most manufacturing industries plan for somewhat less investment spending next year, although plans of defense-related industries do not point to much further decline. The petroleum industry is the only major group anticipating a higher level of capital spending in 1955. Further reductions in investment outlays are planned by railroads, other transportation and communications industries and in mining.

Output and EmploymentIndustrial Production
Rising Seasonally

Output of the Nation's factories and mines this year has rocked along at 123 to 125 percent of the 1947-49 average. Since the spring there has been a small gain in output of both durable and nondurable goods and a little further decline in output of minerals.

Industrial production increased in October and, after adjustment for seasonal variation, totaled 125 percent of the 1947-49 average. This compares with 123 in July and August and 132 in October 1953. Steel output rose more than usual in recent weeks with mill activity increasing from 63 percent of capacity in early September to 79 percent by mid-November. Auto assemblies increased rapidly after mid-October and in the second week of November reached the highest rate since May. Production of lumber and other building materials increased further in October and output of television sets and most other major household goods remained at advanced levels in October. Production of nondurable goods rose slightly reflecting mainly gains in textiles, apparel and leather products. Coal production also increased moderately and petroleum refining continues to show little change at levels somewhat below earlier highs.

Current indications point to a rise in industrial output in the next few months. Production of passenger cars are scheduled at more than double the 233,000 units produced in October. December production is scheduled at over 600,000 units. Manufacturers' new orders also increased in September rising to the highest seasonally adjusted rate since the summer of 1953. The increase was sharpest in durable-goods industries particularly among transportation equipment and electrical machinery producers. There also was an increase in orders placed with textile firms and a moderate pickup in orders for most other soft goods. Manufacturers' sales changed little in September after seasonal adjustment as reduced sales by motor vehicle manufacturers offset the improved sales position of most other heavy goods producers. Largest gains occurred in electrical machinery and building materials. Sales by the lumber and stone, clay and glass groups were above those of any previous month this year due largely to record levels of construction activity.

Manufacturers' inventories declined again in September by 300 million dollars, after seasonal adjustment. This is the 12th consecutive month of liquidation centered largely in the durable goods industries. However, the decline in September was predominately in finished goods both for durable and nondurable-goods producers. Working stocks were held relatively unchanged in contrast to the sharp declines in earlier months. Inventories of wholesalers declined about 100 million after seasonal adjustment but retail stocks changed little during September.

Employment Up Slightly

There were more than 62 million workers employed in September and October. Employment in nonagricultural establishments picked up more than usual as economic activity firmed. After accounting for seasonal variations, nonagricultural employment rose about 300,000 from September to October with much of the gain in such durable manufacturing industries as transportation equipment (including automobiles) and electrical machinery. Farm employment, after seasonal adjustment, apparently declined by about 200,000 from the high September level. With total employment up slightly and the number of persons in the labor force down a little more than usual, unemployment declined by about 360,000 which is more than the seasonal decline from September to October. Insured unemployment has been declining in recent months but in October was nearly double a year earlier. Hours worked per week and hourly earnings in manufacturing industries increased slightly in October to the highest level so far this year. Most of the gain was in industries producing durable goods.

Commodity Prices

Wholesale prices of all commodities in early November were virtually unchanged from the preceding month and from a year earlier. Prices of industrial products were stable over the past year. However, average prices of industrial raw materials including metal scrap, tin, zinc, rubber, fibers, tallow, etc., have increased since the spring of 1954 and in early November were about 9 percent above the low last February. This uptrend is opposite from that of 1953 and compares with a continued gradual settling in prices of farm products during most of 1954.

Farm Product Prices

Average prices received by farmers declined nearly 2 percent from mid-September to mid-October under the impact of seasonally heavy supplies, particularly of hogs and citrus fruits. Prices also averaged lower for potatoes, corn, and cattle. Higher prices for dairy products and commercial vegetables offset part of the decline in the index. Compared with a year earlier, mid-October prices of farm products were down 3 percent. Crop prices in general averaged about 6 percent higher and crop production in 1954 is about 3 percent smaller than in 1953. But livestock product prices averaged nearly a tenth lower largely because of increased marketings especially of hogs, poultry and eggs and dairy products.

Central market prices of major farm products in the second week of November averaged about the same as in mid-October. Corn (No. 3 Yellow) at Chicago averaged about a tenth below mid-October, No. 2 rye at Minneapolis was 5 percent lower, slaughter cows at Chicago nearly a tenth lower and broilers about 5 percent lower. Average market prices for potatoes, slaughter steers, hogs, wheat and oats increased from mid-October to the early part of November.

Table 1.- Indexes of prices received and paid by farmers,
October 15, 1954 with comparisons

Group	(1910-14=100)					
				October 15, 1954		
	: Oct. 15,	: Sept. 15,	: Oct. 15,	percentage change from		
	: 1954	: 1954	: 1953	: Sept. 15,	: Oct. 15,	
				: 1954	: 1953	
All farm products.....	242	246	249	- 2	- 3	
Crops.....	243	247	229	- 2	6	
Food grains.....	235	233	223	1	5	
Feed grains and hay.....	204	210	194	- 3	5	
Cotton.....	293	292	275	<u>1</u> /	7	
Tobacco.....	441	444	439	- <u>1</u>	<u>1</u> /	
Oil-bearing crops.....	275	276	255	<u>2</u> /	8	
Fruit.....	218	248	189	- 12	15	
Commercial vegetables for :						
fresh market.....	191	170	198	12	- 4	
Potatoes, sweetpotatoes :						
and dry edible beans:	163	186	156	- 12	4	
Livestock and products.....	242	245	266	- 1	- 9	
Meat animals.....	267	277	273	- 4	- 2	
Dairy products.....	263	253	282	4	- 7	
Poultry and eggs.....	153	162	234	- 6	- 35	
Wool.....	293	297	299	- 1	- 2	
Prices paid, interest, taxes :						
and wage rates.....	279	280	276	<u>2</u> /	1	
Items used in living.....	273	273	270	<u>0</u>	1	
Items used in production.....	250	251	245	<u>2</u> /	2	
Parity ratio.....	87	88	90	- 1	- 3	

1/ Less than 0.5 percent increase. 2/ Less than 0.5 percent decrease.

Prices Paid Hold Near Peak

At 279 percent of the 1910-14 average in October, the parity index (prices paid, interest, taxes and wage rates) was 1 percent above a year earlier but down slightly from September. Reductions in feed prices and farm wage rates were largely responsible for the September-October drop of 1 point in the parity index. Prices of family living items in rural areas were unchanged on the average from mid-September and were slightly above October 1953. Consumer prices in cities declined 0.3 percent from August to September, the last month reported, due to a decline in food prices. Retail food prices apparently declined further in October.

With the small decrease in the prices received index and little change in the parity index, the parity ratio slipped a point to 87 in mid-October, 3 points below a year earlier.

FARM INCOME

Farmers received about 24.2 billion dollars from marketings in the first 10 months of this year, down 4 percent from the corresponding period in 1953. Prices averaged near 3 percent lower. Receipts from livestock and products were 13.8 billion dollars, 3 percent below a year ago. Reductions in receipts from eggs, chickens, milk, and butterfat more than offset increases in receipts from cattle and hogs. Crop receipts during the 10-month period were around 10.4 billion dollars, down 5 percent from 1953. Wheat, cotton, and vegetables all showed substantial declines.

Total cash receipts from marketings in October are tentatively estimated at 3.6 billion dollars, 15 percent more than in September but 7 percent below a year ago. Prices averaged 2 percent lower than in September and 3 percent below October 1953. Receipts from livestock and products were about 1.5 billion dollars, 5 percent more than in September but 7 percent under October of last year. Crop receipts in October were about 2.1 billion dollars, about a fourth more than in September but 7 percent less than last year. Receipts from many of the principal crops such as corn, cotton, soybeans, and apples were up seasonally. Receipts from cotton were down sharply from October 1953.

LIVESTOCK AND MEAT

Marketings of hogs had increased only slowly through mid-November and prices showed considerable stability for a number of weeks. Marketings and prices of cattle also have been more stable this fall than last, and they are expected to continue relatively stable.

From late September through early November prices of barrows and gilts at Chicago were around \$19.00 per 100 pounds, about \$4 below the prices of mid-August when the spring pig crop started to market in volume. Although farrowings were earlier this year than last, marketings apparently are being spread over a longer period. A seasonal low in hog prices is likely within the next few weeks. After marketings pass their peak a modest upturn in prices is in prospect in early winter, in contrast to the sharp price rise that began in December last year. Hog prices for at least the next 6 months or so will continue below the unusually high levels of a year before. Prices next fall will depend largely on the size of next spring's pig crop, for which a 2 to 5 percent increase seems likely. Prices in 1955 are expected to be generally in about an average relation to the price of corn.

Movement of cattle and calves into feeding areas began earlier this year than last and through mid-November was greater than a year ago. As outmovement has not been exceptionally heavy, the number of cattle and calves on feed January 1 may be as large or larger than last January, providing a substantial supply of the intermediate grades of slaughter cattle during the winter and of highly finished cattle in the spring and summer. Marketings of grass cattle, though continuing seasonally large this fall and winter, may be a little less than last year. These prospective supplies indicate that cattle prices in the next few months will hold at least as high as a year earlier.

Sheep and lamb slaughter has been below a year earlier since September. Sheep and lamb prices have improved a little but are only slightly above 1953. Price prospects this fall and winter will depend largely on the number of lambs going into feed lots, but chances are favorable for prices to be less variable and average about the same as last winter.

DAIRY PRODUCTS

Wholesale prices for dairy products generally were at the equivalent of support levels in early November after being slightly above in late September and in most of October. No butter was purchased by the Commodity Credit Corporation from September 17 to October 28. Relatively small purchases of butter and cheese and moderate purchases of nonfat dry milk solids were made during the first half of November.

Total production of milk in October was at a record for the month, slightly above a year earlier. Weekly butter and cheese production data indicate milk flow in early November was continuing near the record year-ago-rate. Production for the year as a whole appears likely to be about 124 billion pounds compared with 121.2 billions in 1953.

Programs recently announced will tend to increase consumption of fluid milk by school children and by personnel of the armed forces. These programs are authorized by the Agricultural Act of 1954. Consumption of fluid milk and cream in 1954 will be about 352 pounds per person compared with 350 pounds in 1953, the wartime peak of 399 pounds and prewar average of 330 pounds.

POULTRY AND EGGS

This is the first year on record that average egg prices received by farmers have not risen seasonally from spring to fall. Prices of individual grades of large eggs in terminal markets to mid-November were slightly higher than the springtime lows, but mediums were considerably lower than in March-June. In mid-October, U. S. average egg prices at 32.4 cents were the lowest of the year to date, mainly because of the unusually large proportion of medium eggs in that supply.

Monthly egg prices to farmers in the six months, May through October, averaged 34.0 cents per dozen against 49.0 cents in the same period of 1953. This decline is attributable not only to the increased supply, but also to the prospects throughout the period that future production, particularly in the fall, would continue large.

Because monthly egg supply is now increasing seasonally, average prices will ease downward for several months after November. However, the gain in production over the year before is tapering off. September output was 10 percent above September 1953, and October was 9 percent above last year. In the spring, the gain above the year earlier is not likely to average 4 or 5 percent. At such levels, however, springtime production would be a record except for the March-May output of 1944.

Turkey prices strengthened slightly during October and into November, particularly for the sizes normally retailed for family use. The difference between the prices per pound for heavy toms and light birds is greater this year than last. Despite the increase, prices remain considerably below last year, on account of the 6 percent increase in the number of heavy-breed turkeys raised, and 16 percent increase for the lightbreeds. Through October, testing of turkey hens for inclusion in 1955 breeding flocks has been ahead of last year, indicating a possibly increased production next year, in which event prices to farmers will not be likely to improve from current low levels. In mid-October, the U. S. average price received by farmers was 27.1 cents per pound, compared with 33.3 cents a year earlier.

Weekly broiler placements have been below year ago levels since early October. This is the first sustained decline since March 1953. October placements will be reflected in January marketings. Prices to mid-November continued near the low level which has prevailed since the beginning of 1954.

OILSEEDS, FATS AND OILS

Prices of cottonseed and peanuts are higher than a year ago and above support, while flaxseed prices are around support and down from last year. The reduced peanut crop has been reflected in strong upward pressure on prices. Increased competition among crushers for the reduced cottonseed output, mainly due to marketing quotas, has resulted in higher prices for cottonseed. The delayed movement of soybeans to market and a strong export interest have helped maintain soybean prices well above the 1954 support level. Flaxseed output is well in excess of probable commercial use and prices are around support.

Prices of most food fats are lower than a year earlier. Production is likely to be well in excess of estimated commercial use and exports. Tenders of cottonseed oil to CCC under the support program for 1954 crop cottonseed are small so far totaling only 29 million pounds as of November 10 compared with about 160 million a year earlier. Linseed oil prices have sagged in recent weeks as the tightness in oil supplies is being dissipated by increased production.

CORN AND OTHER FEED

Cash market prices of corn declined 15 to 20 cents per bushel from early September to early November. The price of No. 3 Yellow corn at Chicago averaged \$1.49 per bushel during the first half of November, 6 cents higher than a year earlier. The movement of corn to market has not been as early this year as in 1953, since weather in the Corn Belt has been less favorable for drying and harvesting the crop. Corn prices are expected to advance later in the season and average higher than in 1953-54. In October, the index of prices received by farmers for feed grains was 6 percent higher than a year earlier, and the index of wholesale prices of high-protein feeds 10 percent higher.

The total supply of feed concentrates, estimated at 179 million tons in November, is 4 percent larger than the 1953-54 supply, but about the same as last year in relation to the livestock to be fed. With a smaller corn supply and increased hog production, a smaller carryover of corn is expected next year, although stocks are expected to be substantially larger than average. The Department of Agriculture announced on November 5 that acreage allotments will be in effect for the 1955 crop in the designated 805-county commercial corn-producing area. The 1954 crops of oats, barley, and sorghum grains were all much larger than the 1953 crops and larger carryover stocks of these grains are in prospect in 1955. Through October 15 farmers had placed a record quantity of barley and much larger quantities of oats and sorghum grains under price support than for the same period last year.

WHEAT

Recent strength in wheat prices reflects relatively small "free" supplies, especially of better quality wheat, because of the large holdings under price support programs. Of total wheat stocks on October 1 of 1,682 million bushels, the CCC owned 743 million bushels of wheat. Up to October 15 farmers had placed 302 million bushels under support programs. This compares with 350 million bushels placed under support to the same date a year ago, but the crop in 1954 is smaller than a year earlier. Redemptions to date this year total only about 2 million bushels. Also under support programs are 2 million bushels of 1952 re-seal wheat, 16 million of 1953 re-seal, and about 30 million loans still outstanding.

Cash wheat prices in mid-November were at about the high level for the season to date, and in general 30 to 45 cents above the low points in June. On November 17, the price of No. 1 Dark Northern Spring wheat, ordinary protein, at Minneapolis, at \$2.50 per bushel, was about 1 cent below the effective loan (announced rate less an allowance for storage), and No. 2 Amber Durum, at \$4.35 per bushel, was about \$1.75 above the effective rate. Prices at other markets were below the effective loan as follows: No. 1 Soft White at Portland, at \$2.35, 6 cents; No. 2 Hard Winter, ordinary protein, at Kansas City, at \$2.39 cents; and No. 2 Soft Red Winter at St. Louis, at \$2.32, 15 cents. Some quality wheats have been sold domestically by the CCC at a level which represents 105 percent of the loan plus reasonable carrying charges.

Total domestic wheat supplies for the 1954-55 marketing year are estimated at about 1,862 million bushels, consisting of the carryover July 1, 1954 of 903 million, and a crop estimated at 959 million bushels. Imports, mostly of feeding quality wheat, may exceed the 6 million bushels imported in 1953-54 because of the large proportion of frost and rust damaged Canadian wheat. Total domestic supply exceeds the previous record of 1,732 million bushels in 1953-54. Domestic disappearance in 1954-55 is indicated at about 660 million bushels. This would leave about 1.2 billion bushels for exports and carryover. An appraisal of present prospects suggests exports in 1954-55 as high as 250 million bushels compared with 216 million a year earlier. A disappearance of this size would result in a further small rise in carryover stocks by mid-1955.

FRUIT

Supplies of oranges and grapefruit will be seasonally heavy in December. More oranges than in 1953-54 will be available in all citrus States, and more red and pink grapefruit in Texas. With mounting shipments of new-crop Florida oranges in late October, shipping point and terminal auction prices declined more sharply than a year earlier, and in early November they averaged moderately below this time in 1953. Similar prices for grapefruit also declined with increasing shipments, and in early November fluctuated around the levels of a year earlier. To help market the large 1954-55 crops of oranges and grapefruit an export-payment program similar to those of the past six years was made effective November 1, 1954.

With heavy supplies of windfall apples in Eastern markets caused by the October hurricane, grower prices for apples generally declined in late October but tended to hold steady in early November. After these "hurricane" apples are used up, prices for the remaining apples probably will increase. Cold-storage holdings of apples on November 1, 1954 as reported by USDA were over 29 million bushels, compared with 27.5 million a year earlier. Stocks of pears in cold storage on November 1 were about 2.1 million bushels, compared with 3 million a year previously. Prices for pears also may advance in December, continuing above December 1953. With the usual strong Christmas demand, prices for cranberries probably will increase somewhat.

COMMERCIAL VEGETABLES

For Fresh Market

Supplies of fresh vegetables are smaller this fall than last. Fall season production estimated as of November 1 is 7 percent smaller than in 1953 and 2 percent below the comparable 1949-52 average. Compared with last year, reductions in the fall-season harvest are indicated for all crops except lima beans, sweet corn, eggplant, green peppers, and tomatoes. In addition, supplies of onions are also down because of the smaller late-summer crop this year than last.

The U. S. Department of Agriculture recently announced acreage and marketing guides for fresh vegetables to be harvested during spring 1955. The acreage guide for spring-season melons is 13 percent smaller and that for a number of other important spring vegetables averages 7 percent less than that available for harvest in spring 1954. The guide for 1955 winter vegetables, announced last August, suggested a 4 percent smaller acreage than that available for harvest in winter 1954.

For Processing

Total supplies of commercially processed vegetables during the current marketing year are not as large as in the preceding season. The decline is mainly in the canned vegetable group, for which the reduction in output this year probably will much more than offset the heavier old-pack stocks carried over into the 1954-55 marketing period. Total supplies

of canned vegetables are adequate to maintain civilian consumption of these products at the per capita rate of the preceding year, but this will mean cutting down on fairly heavy stocks. The extent to which this does occur will in large part depend on the level of retail prices of canned vegetables.

For the commercially frozen vegetables indications are that production in 1954 was not quite equal to the record total packed in 1953, but old-pack carryover stocks were much larger. Thus, supplies available for distribution in 1954-55 are expected to be close to those of the preceding year and adequate to maintain civilian consumption of these products at or even above the 1953-54 per capita rate without reducing sharply stocks carried over at the end of the current marketing year. In general, retail prices of frozen vegetables probably will average close to those in 1953-54.

POTATOES AND SWEETPOTATOES

Fewer potatoes will be available for sale this fall and winter than last. The 1954 late crop is 4 percent smaller than the corresponding 1953 crop, and intentions reports indicate a smaller acreage to be planted to potatoes in Florida and Texas, the major States which grow this commodity for winter season harvest. Although mid-month farm prices for potatoes have declined more during the summer and early fall than last year, they have remained well above the low level of a year earlier and are expected to continue higher during the fall and winter.

Sweetpotato supplies through late spring 1955 will be somewhat smaller than during the same part of the 1953-54 marketing season as a result of the relatively small crop in 1954. The 1954 crop, estimated at 29.3 million bushels, is 14 percent below that of the preceding year and the third smallest of record. Prices to growers for 1954-crop sweetpotatoes have been below the high prices for the 1953 crop through mid-October, but strengthened in late October and early November as the marketing season progressed. For the 1954 crop as a whole, farm prices are expected to average above those received for the 1953-crop sweetpotatoes.

COTTON

The cotton crop as of November 1 was estimated at 13.1 million running bales (13.2 million bales of 500 pounds each), 700 thousand bales more than on October 1. This raises the estimated U. S. supply for the 1954-55 marketing year to approximately 22.9 million. With disappearance expected to be approximately 13.7 million bales, the carryover on August 1, 1955 would be about 9.2 million, compared with 9.6 million a year earlier.

The average yield per harvested acre for the 1954 crop is estimated at a record 329 pounds compared with the previous record of 324.2 pounds in 1953. Yield in Arizona, California, and New Mexico is estimated at a record high of 801 pounds per acre compared with 647 pounds a year earlier and the previous record of 764 pounds set in 1950. Yields in the Delta States averaged the same as in 1953 and were slightly higher in the Southeast and the Southwest.

Ginnings of cotton prior to November 1 from the 1954 crop totaled 9,670 thousand bales or about 74 percent of the estimated crop. This was the most rapid rate of harvest since 1943. To the same date a year earlier 66 percent of the 1953 crop had been ginned.

Prices received by farmers during the first three months of the 1954-55 marketing year have been well above those of a year earlier. In mid-October prices received by farmers for upland cotton averaged 34.67 cents per pound, compared with 32.46 cents a year earlier. The October price was about 100 percent of the parity price. This was the first time that the price received by farmers had been 100 percent of the parity price since November 1952.

The average 14 Spot market price declined from 34.55 cents on October 1 to 33.63 cents on November 18. The 10 spot market average for Middling, 15/16 inch cotton was 33.76 cents per pound on November 18, 1954 and 32.67 cents on the same date in 1953.

Domestic mill consumption of cotton during October averaged 35.8 thousand bales per working day. This compares with 33.3 thousand in September and 35.2 thousand in October 1953. Exports of cotton in August amounted to 190 thousand bales. This compares with 193 thousand bales in the same period a year earlier. Trade reports indicate that exports in September, October and November are larger than those of the same months of 1953.

WOOL

Wool prices in foreign markets at mid-November were slightly lower than a month earlier and substantially below a year earlier. Boston quotations for most domestic descriptions declined 10 or 15 cents per pound, clean basis, between mid-October and mid-November. As of mid-November, quotations for most domestic shorn wools were at or below CCC loan rates. The mid-October average of prices received by growers for shorn wool, 52.2 cents per pound, grease basis, was below a year earlier and the lowest mid-month average so far this season. It was 1 cent below the national average support level.

Domestic mill use of both apparel and carpet wool was below a year earlier each month this year through September, the latest month for which information is available. The rate of consumption of apparel wool, after a gradual advance from January through August, dropped 16 percent in September, when it was 30 percent below a year earlier. Except for the usual decline during the summer, the rate of mill use of carpet wool has been relatively stable this year. The September rate was virtually the same as that for August but was 8 percent below a year earlier.

Imports of both dutiable and duty-free wool through August were substantially below those of January-August of last year. Imports of dutiable wool were down about 43 percent and of duty-free wool about 28 percent.

TOBACCO

The Burley auction markets will begin on November 30. The 1954 crop at 582 million pounds is 2 percent larger than last year and together with the 3 percent larger carryover, will provide a total 1954-55 supply nearly 3 percent above the 1953-54 level. Domestic use of Burley during 1953-54 fell about 4 percent below a year earlier but exports increased. Although the 1953-54 cigarette output declined some from a year earlier, it is expected to continue at a relatively high level in 1954-55 and will require a large volume of Burley tobacco. Exports may increase further. The price support level is 46.4 cents per pound--one-fifth of a cent lower than last season. The high quality 1953 crop averaged a record : 52½ cents per pound.

Auction markets for Virginia fire-cured and sun-cured, and Kentucky-Tennessee dark air-cured will open in late November and early December. Crops of these types are larger than last year but carryovers are smaller. The price support levels are slightly lower than in 1953.

The flue-cured crop was over 90 percent marketed by mid-November. Auction prices for the season thus far averaged 52.5 cents per pound--about 3 percent lower than in the comparable period of last season.

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